



State of California

Employment Training Panel

Arnold Schwarzenegger, Governor
May 11, 2009

Kevin Landry, Owner
KML Enterprises, Inc.
DBA New Horizons Computer Learning Centers of Southern California
1900 South State College Blvd.
Anaheim, CA 92806

Dear Mr. Landry:

RE: FINAL MONITORING VISIT for KLM Enterprises, Inc. DBA New Horizons Computer Learning Centers of Southern California (New Horizons) – ET07-0218

Date of the Visit:	04/23/09
Beginning/Ending Time:	9:00 a.m. – 10: 00 p.m.
Date of Last Visit:	01/15/09
Visit Location:	Via Teleconference
Persons in attendance:	Kevin Landry, Owner, New Horizons for a portion of the meeting; Tina Traverso, Manager, New Horizons; Morgan Harper, Administrative Assistant, New Horizons; Rebecca Bergstrom, Grant Writer; and, Carole Robinson, Contract Analyst, ETP.
Action Required:	No

CONTRACT INFORMATION:

Term of Agreement:	06/01/07 – 05/31/09	Agreement Amount:	\$487,100
Training Start Date:	08/13/07	No. to Retain:	188
		Job 1	50
		Job 2	50
		Job 3	33
		Job 4	11
Date Training must be Completed:	02/28/09	Job 5	11
		Range of Hours:	
		Jobs 1 - 5	24 - 200
		Job # Max Amount	
		Job 1	\$343,664
Type of Trainee:	Retrainee	Job 2	32,050
		Job 3 (SET)	19,250
		Job 4 (Sm. Business)	72,468
		Job 5 (Sm. Business)	19,668

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FINAL REPORT SUMMARY:

• HISTORY OF AGREEMENT CHANGES

The Agreement was executed on 01/23/07. Amendment #1 was initiated by ETP Legal staff during an Assumption of Liability for the Agreement based on the completed sale of New Horizons' to KML Enterprises, Inc. This Amendment revised the Agreement term dates from 12/31/06 - 12/30/08 to 06/01/07 - 05/31/09 at the purchasing company's request and changed the company name to KML Enterprises, Inc. dba New Horizons Computer Learning Centers of Southern California. Amendment #1 was executed on June 14, 2007.

Revision #2 was initiated by New Horizons on 12/06/07 to add two new Small Business Job Numbers, new Small Business training topics, new types of training, Curriculum subtopics for clarity, new Agreement language, new occupational titles, an additional Count, and correct minimum wages for Jobs 1 and 2. Revision #2, approved on 03/24/08 as a Modification, decreased the Agreement by \$550 to \$487,100.

Ms. Harper reported that all training was completed on 02/13/09, which allowed for the 90-day retention period to be completed within the term ending date of the Agreement (05/31/09).

• INTERVIEW WITH COMPANY REPRESENTATIVES

You reported that administration of the Agreement was difficult at first for several reasons. First, you stated that "nine months" of training were lost because the consultant hired for assistance with administration of the Agreement did not represent New Horizon's "best interest". In addition, you informed Ms. Robinson that although you were aware that the approved ETP Agreement Curriculum only included Advanced Microsoft course levels, you went with the advice of the consultant who led you to believe that beginning level Excel classes (Excel 1) would qualify for ETP reimbursement purposes.

Although ETP adjusted the term dates of the Agreement in Amendment #1, to allow for the lag in time between the Agreement approval in 12/06 and the new requested start date of training (06/01/07), actual class/lab sessions did not begin until 08/13/07. Ms. Robinson assisted company representatives on several occasions outside of regular Monitoring activities to resolve outstanding Action Items remaining from prior Monitoring Visits, initiate Revision #2, and help with general ETP administration duties relating to the Agreement when New Horizons discharged its administrative subcontractor in late 2007.

You stated that New Horizons had good feedback from participating employers regarding the training delivered. However, Ms. Travieso and Ms. Harper stated that ETP on-line processes were not helpful in supporting New Horizon's assumption of administration of the Agreement. Additionally, they expressed that New Horizons would like ETP to have a trainee eligibility tool to use in conjunction with company marketing efforts which would verify actual trainee wages at enrollment. Please be aware that new Horizons is reimbursed 15% of the cost per trainee for administration of the Agreement and an additional 8% in support costs to market the ETP funded training to prospective participating employers.

You were advised that New Horizons needed to market to eligible employers during development of the Agreement. Panel policy requires multiple contractors provide evidence of employer demand for training. During the development process, New Horizons stated that it would conduct marketing efforts through advertising in business and technical publications, direct telephone calls, and in-person presentations to prospective employers. In the proposal to the Panel, New Horizons also represented that it would conduct needs assessments by direct contact with each participating employer.

Ms. Traverso suggested that ETP staff visit New Horizons to allow her to demonstrate the on-line system deficiencies she experienced during the term of this Agreement. Ms. Robinson suggested that New Horizons initiate a written report of all issues identified with ETP's required administrative duties including submission and approval of ETP 100E/100F forms used to determine participating employer eligibility and any other forms or tracking problems experienced during the Agreement. Ms. Robinson reported that she would pass on all information submitted by New Horizons to the appropriate ETP staff. To date, this information has not been received by Ms. Robinson. However, New Horizons may provide input and any observations or comments at anytime in the future for incorporation into ETP's program improvement efforts.

PROJECT STATUS PROVIDED BY THE CONTRACTOR:

Job Numbers	Number Started Training	Number Enrolled in Training	Number of Trainees Dropped (following enrollment)	Number of Trainees Completed Minimum Hours	Number of Trainees Completed all Training (in retention)	Number of Trainees Completed Retention
1	157	397	240	63	0	157
2	8	8	0	8	8	0
3	35	209	174	35	0	35
4	8	8	8	0	0	0
5	0	0	0	0	0	0

- According to contractor records as of the date of this report, New Horizons may retain up to 200 retrainees (57%) of the planned retentions. Potential reimbursement for the Agreement will be based on the cost per trainee established in each of the five Job numbers for this Agreement. ETP records indicate potential earnings, if all terms and conditions of the Agreement are met, will be approximately \$93,444 based on the minimum cost per trainee by Job number without consideration of the increased cost per trainee for Advanced Technology training that may have been completed. Current

records show that New Horizons has received \$93,454.75 of which \$89,932 is considered earned and \$3,522.75 is in unearned progress payments.

- New Horizons must drop any remaining retrainees who are enrolled but did not complete the minimum number of training hours by Job number during closeout of the Agreement. Ms. Harper explained that more trainees were enrolled in Jobs 1 and 3 than started training because two participating employers uploaded enrollment information directly with ETP for more trainees than were actually going to participate in any New Horizons' training courses.
- Ms. Robinson informed you that New Horizons must submit a closeout invoice for this agreement no later than 06/30/09.

SUBAGREEMENTS:

You reported that all training was delivered by in-house trainers (employees of New Horizons) and no subagreements were made with any outside vendor relating to the delivery of training.

AUDIT:

New Horizons will be notified in writing if this agreement is selected for an audit that will be conducted either at your site (field audit) or by telephone if selected for a desk audit (or "review"). These notifications will be sent in advance to allow ample preparation time and will include a list of documentation that will be examined by the auditor. A list of the documentation typically examined during an audit will be included along with the Audit Notification and Audit confirmation letters. To provide support of training, original training attendance documentation is required; photocopied records are not acceptable. Listed below are types of records typically requested during an ETP field audit:

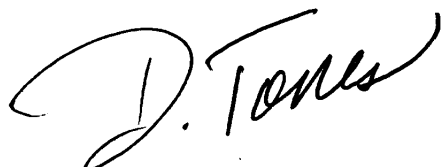
- Training attendance records such as rosters, sign-in sheets, etc.
- Payroll records of individual trainees to verify wage and hours worked
- Personnel records regarding occupation and dates of employment
- Documentation of employer paid health benefits (if applicable)
- Cash receipts to verify receipt and accounting of ETP funds

RECORD RETENTION:

Records must be retained within your control and be available for review at your place of business within the State of California. This responsibility will terminate no sooner than four (4) years from the date of the termination of the Agreement or three (3) years from the date of the last payment by ETP to the Contractor, or the date of resolution of appeals, audits, claims, exceptions, or litigation, whichever is later.

If you have any questions or comments regarding the information contained in this letter, please contact Carole Robinson at (619) 686-4971, within ten (10) working days from the receipt date of this letter.

Sincerely,

A handwritten signature in black ink, appearing to read "D. Torres". The signature is fluid and cursive, with a large loop at the beginning and a trailing flourish.

Diana Torres, Manager
San Diego Field Office

A handwritten signature in black ink, appearing to read "Carole Robinson". The signature is cursive and elegant, with a large initial "C" and a trailing flourish.

Carole Robinson, Contract Analyst
San Diego Field Office

cc: Kulbir Mayall, Manager, ETP Fiscal Unit
Melinda Walton, Analyst, ARU
Master File
SD Project File

Date report mailed to Contractor 05/11/09